

Driving service improvements and savings in a hyper inflationary duopoly market

Addressing the challenges of labor shortages, margin erosion, and poor fulfillment rates in a sustainable way

The results

SGS-Maine Pointe helped our client drive measurable performance improvements across warehousing and transportation:

- **Provided transportation optionality and capacity to support current volume and future growth**
- **Achieved improvements in working capital and 16% savings of their logistics total addressable spend in the face of high inflation and in a duopoly market**
- **Established a long-term warehouse agreement, with annual increases below marketplace**
- **Reduced costs associated with marketplace growth and inflation projections for the next 5 to 7 years**
- **Enhanced warehouse and freight provider relationship management and trained workforce**
- **Embedded a new management operating system and improved the performance and capability of their workforce**
- **Provided fact based data views and KPI measurements to support management processes**
- **Investment ROI of 4 to 1**

This story is for CEOs and executives who:

1. Are having issues with customer fill rates and concerned about warehousing and transportation
2. Are facing huge challenges internally and within the marketplace and battling with increased costs
3. Want to take a fresh look at their warehousing and transportation operations to improve performance in a duopoly market

The challenge

A global seafood provider was experiencing rising transportation costs, a warehouse agreement which was ending in 9 months, internal labor shortages and Covid-19 disruptions resulting in increased pressure on tight margins, customer service and growth.

Lacking visibility, management operating controls, and reliant on a legacy logistics provider, the CEO contacted SGS-Maine Pointe for help. At the same time, the company was going through a major SAP integration project.

Starting with an analysis, SGS-Maine Pointe was brought in to look at the company's logistics and warehousing operations, marketplace options and to develop a management operating system to help them grow and improve in service partner management. This uncovered the potential to improve customer service and to save millions of dollars across its logistics spend even though logistics costs had increased by 50%. The subsequent engagement focused on realizing those improvements and savings through logistics, warehousing, data analytics and leader & organization improvements.



Driving measurable and sustainable customer service and logistics improvements remotely

With the pandemic raging, Maine Pointe's analysis and engagement team were faced with a challenging task of remotely implementing the improvement program 98% of the time. Having gained the confidence of the CEO and executives, the team found its cold storage freight commercial agreement was ending alongside the client having a very limited understanding of the logistics market. Warehousing and transportation was at a low maturity level with limited KPIs and a weak management operating system. Working and regularly communicating with the CEO and key executives in a time of high inflation, Maine Pointe:

- Established a competitive environment for both warehouse and transportation operations
- Developed and negotiated a long-term warehouse agreement with annual increases below market rates
- Defined / trained and established a framework for continuous improvement projects, management and benefit documentation
- Developed KPI's and the ability to utilize data for fact-based decisions in the daily work structure
- Developed a transportation model which provided optionality of carriers, a competitive environment
- Implemented an enhanced Logistics Management Operating System (LMOS) to provide common structure and process to support future transportation growth
- Defined missing positions to support future and establish position job descriptions and responsibilities
- Established methodology to support growth and team development for growth

Having implemented these changes for the client and trained their team to understand and interact with the marketplace, senior executives said that the knowledge, new systems and skill set transfer has helped them significantly improve the performance of their business.

Lessons learned for other executives

- You can in an inflationary and duopoly logistics provider market improve service and reduce costs
- You can drive significant improvements and implement new operating models with your support team located offsite
- Clear, regular communication is critical to building confidence with your people and logistics partners

In a very challenging market, introducing clear and consistent communications and gaining visibility and control across the business has enabled the client to make substantial savings and strengthen relationships with its people and strategic suppliers.

Struggling with a labor shortage, rising costs and poor customer fulfillment rates?

Need to gain visibility and improve the performance of your warehousing and transportation functions?

Talk it through with one of our executives.

E-mail: info@mainepointe.com to arrange a call.

About Maine Pointe

Maine Pointe, a member of the [SGS Group](#), is a global supply chain and operations consulting firm trusted by many chief executives and private equity firms to drive compelling economic returns for their companies. We achieve this by delivering accelerated, sustainable improvements in EBITDA, cash, growth and resilience across their procurement, logistics, operations and data analytics. Our hands-on implementation experts work with executives and their teams to rapidly break through functional silos and transform the plan-buy-make-move-fulfill digital supply chain to deliver the greatest ethical value to stakeholders at the lowest cost and risk to business. We call this Total Value Optimization (TVO)™.

Maine Pointe's engagements are results-driven and deliver between 4:1-8:1 ROI. We are so confident in our work and our processes that we provide a unique 100% guarantee of engagement fees based on annualized savings. www.mainepointe.com